

Testimony of Congressman Michael N. Castle
House Rules Committee
Subcommittee on Legislative and Budget Process
March 11, 2004

Chairwoman Pryce and Ranking Member Slaughter, I want to thank you for holding this hearing today on the budget process. I am encouraged by the testimony of the Members who have spoken, and agree with many suggestions made in the earlier panels. Three of the proposals have much in common, and together serve as a comprehensive outline of budget reform measures.

Congressman Kirk and I have worked together to develop the Deficit Control Act, which I believe includes many improvements to previous efforts to control spending. Unfortunately, many guidelines we have used to control spending and reduce deficits have been, and continue to be, circumvented. Any measure of reforming the budget process should improve the transparency of our practice and our procedures should empower Americans to hold us accountable for our choices. Eliminating structural impediments and obvious loopholes in the process would be a great step in this direction, and could improve our ability to pass a budget resolution and individual appropriations bills. This bill includes several provisions that could help us achieve these goals.

Congressmen Ryan and Hensarling have introduced the Family Budget Protection Act, which contain modifications to the budget process that are found in Rep. Kirk's bill. Provisions establishing a joint budget resolution, automatic continuing resolutions, and sunseting all discretionary and voluntary entitlement programs are dramatic changes that appeal to many who feel the current process is broken. I appreciate their dedication to creating a process that stays on track, and encourages more discipline.

For many years, I have respected and supported the work of Congressman Stenholm on issues of fiscal responsibility. The Blue Dog Budget Enforcement Package is similar to the reforms outlined in the Deficit Control Act. A specific element of this proposal, reinstatement of Paygo requirements, is one I wholeheartedly support and feel is an essential step, along with discretionary spending caps, for restoring fiscal responsibility to the system. Congressman Stenholm also includes a review of existing federal programs to identify duplicative funding streams or failing projects, which Authorizing Committees should be dedicated to eliminating. I commend him, the previous speakers and the next panelist, OMB Director Josh Bolten for these efforts. Even though the panelists may differ on how to reform the budget process, our objectives are similar.

Chairwoman Pryce, our legislative system is directly linked to a credible and responsible budget and appropriations process. I believe the budget resolution is a useful and necessary tool to outline our priorities and set the course for the fiscal year. I am here today because I feel our priorities blur as a result of the current process. For example, the use of "emergency" supplementals, reconciliation instructions, accounting gimmickry, omnibus appropriation bills and continuing resolutions has become

Congressional commonplace. The use or abuse of these mechanisms indicates to me that our system needs reform and a good dose of political will.

Two reforms that have been mentioned today are the Rainy Day Fund (or the Reserve Account) and enhanced rescission (a constitutionally acceptable version of the line-item veto). I have introduced legislation on both issues in the past and have also used these tools during my tenure as Governor. In addition to these two areas of reform, which I have previously addressed in this Committee, I am also here to propose a review of the current functions in the budget resolution. Let me address these issues in that order.

It is clear to me, with our continuous use of "emergency" spending, that Congress needs to formally budget for emergencies by adopting a budget reserve account, which I have advocated for many years. This "rainy day" fund would set aside money for natural disasters and other emergencies within our annual budget limits. A joint agreement by the President and Congress defining what truly is an emergency is also necessary for minimizing abuse of supplemental spending. In the 105th Congress, the Budget Committee incorporated my legislation to address abuse of the emergency appropriations process into a larger budget process reform bill. I encourage any future package from this body to consider its inclusion as well.

When the Congress passed the Line Item Veto Act, there were two goals that were routinely cited. The first was to reduce the federal budget deficit. The second was to provide for greater accountability in the budget process by eliminating so-called "pork barrel" spending, essentially minimizing the inclusion of narrow-interest provisions.

A commonly referenced alternative to the line item veto is "enhanced or expedited rescission," which has passed the House in the past. While the Line Item Veto Act required the Congress to come up with supermajorities in both houses to overcome Presidential rescissions, expedited rescission simply guarantees the President a vote on his proposals. If both houses approved the President's proposals by simple majority, and if the President approved these legislative rescissions, they would become law.

I believe that enhanced rescission would increase our accountability by subjecting spending to greater scrutiny. This is particularly important with regard to omnibus spending bills, which unfortunately has become our common practice.

Chairwoman, the Congressional Budget Process is thirty years old this year. It has been modified several times, but the basic timetable and structure of the budget resolution has never really been changed or reformed. While I support the two aforementioned areas of reform- I strongly believe that a thorough review of our current process is necessary to meet our changing needs.

While the budget principles put in place by the Budget Act established the purpose for passing a budget resolution, it is possible that many elements should be

revisited to meet our changing demands. While the process is not always to blame, it is necessary to realize, and remedy, possible limitations in order to ensure good governance.

The challenge of passing a budget resolution and subsequent appropriation bills in a timely manner has proven to be an extraordinarily difficult series of tasks. One reason for this is that our current structure forces us to engage in duplicitous debates over spending priorities. The existing 20 budget functions put forth within the budget resolutions details spending allotments for federal responsibilities. I suggest that we consider eliminating the requirement of the budget functions and provide the Budget Committees with the flexibility they need to move this process forward. For this reason, I have joined Congressman Hastings in introducing legislation that would enable the Budget Committee to utilize such flexibility.

If the Committee chose to eliminate budget functions— an alternative may be the use of a “Macro” budget consisting of four aggregate numbers only-- total revenues, total budget authority and outlays; the surplus or deficit; and the resultant debt. A macro budget could also include the amount by which revenues would be lowered. Any resolution should continue to contain reconciliation procedures to expedite action, primarily by the Senate. Finally, the budget resolution would also contain separate titles for reconciliation instructions, enforcement procedures, and possible reserve accounts.

Under this proposal, Budget Committee Members are granted the ability to significantly increase their flexibility in drafting and passing a Budget Resolution. The Committees, in conjunction with each other, may reform, eliminate, or create new budget functions altogether. While I do not claim to have the perfect solution to fit our process into our fiscal timetable, I believe that the process could accelerate our progress and avoid duplication of issue deliberations over specific programs.

I am testifying here today because I believe that American citizens, and in turn, the economy, relies on our competence with regard to fiscal accountability. There may not be one specific problem in the current budget process and there is certainly not one solution. However, when we fail to get appropriations bills enacted on time, use accounting gimmicks, jeopardize future entitlement programs, and depend on supplemental appropriations for non-emergencies, the process and the will with which we make our decisions must be reconsidered. Notwithstanding these challenges, I remain optimistic and believe these discussions are very worthwhile. The panelists here today share a dedication to the vetting of different options and proposals in the hope that we will find ways to improve the budget process.

I suggest that we consider many reforms-- one of which is the macroeconomic budgeting proposal that I have discussed today. Congress must have the tools to meet its responsibilities and flexibility is one method that I think many will welcome in the budget reform process.